

**CHAPTER NO. 766**

**SENATE BILL NO. 2904**

**By Woodson**

**Substituted for: House Bill No. 3096**

**By Winningham**

AN ACT to amend Tennessee Code Annotated, Title 49, Chapter 7, Part 20, relative to postsecondary school authorization.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 49-7-2003, is amended by deleting subdivisions (1) and (2) in their entirety and substituting instead the following new subdivisions (1) and (2):

(1) "Agent" means any person owning any interest in, employed by or representing for remuneration a postsecondary educational institution, who, by solicitation in any form, enrolls or seeks to enroll a student for education offered by an authorized institution, or offers to award educational credentials, for remuneration, on behalf of any such institution for any such purpose;

(2) "Agent's permit" means a nontransferable written authorization issued to a natural person by the commission which allows that person to solicit or enroll students for education in an authorized postsecondary educational institution;

SECTION 2. Tennessee Code Annotated, Section 49-7-2003, is amended by deleting subdivision (10) in its entirety and substituting instead the following new subdivision (10):

(10) "Postsecondary educational institution" includes, but is not limited to, an academic, vocational, technical, online/distance learning, business, professional, or other school, college, or university, or other organization or person, offering educational credentials, or offering instruction or educational services, primarily to persons who have completed or terminated their secondary education or who are beyond the age of compulsory high school attendance, for attainment of educational, professional, or vocational objectives;

SECTION 3. Tennessee Code Annotated, Section 49-7-2003, is amended by adding the following language as a new, appropriately numbered subdivision:

( ) "Diploma Mill" means a nontraditional, unaccredited postsecondary school that offers degrees for a relatively low flat fee,

promotes the award of academic credits based on life experience, and does not require any classroom instruction;

SECTION 4. Tennessee Code Annotated, Section 49-7-2005(a), is amended by deleting the word "Require" from the first sentence in the subdivision (9) and substituting instead the words "May require" so that subdivision (9) as amended shall read as follows:

(9) May require as part of the application for initial authorization of a postsecondary educational institution a full set of fingerprints of all owners and the directors of the institution to enable a criminal background investigation to be conducted. The commission shall submit the completed fingerprint card to the Tennessee Bureau of Investigation, which is authorized to submit the fingerprints to the Federal Bureau of Investigation for a national criminal history record check. Dissemination of information provided to the commission as a result of this process shall be governed by Public Law 92-544; and

SECTION 5. Tennessee Code Annotated, Section 49-7-2008(f), is amended by deleting the language "At least sixty (60) days prior" from subdivision (f)(1) and substituting instead the word "Prior" so that subdivision (1) as amended shall read as follows:

(1) Prior to the expiration of an authorization to operate, the institution shall complete and file with the commission an application form for renewal of its authorization to operate.

SECTION 6. Tennessee Code Annotated, Section 49-7-2014, is amended by deleting subsection (c) in its entirety and substituting instead the following:

(c) The fees to be collected by the commission hereunder shall accompany an application for authorization to operate an institution or an application for an agent's permit, or other application or request in accordance with the schedule set out in the administrative rules under this chapter. All fees shall be stated as a flat fee with the exception of renewal fees, which shall be based upon an institution's annual gross tuition revenues.

SECTION 7. Tennessee Code Annotated, Section 49-7-2018(d), is amended by deleting subdivision (1) in its entirety and substituting instead the following:

(1) There is hereby imposed on each postsecondary educational institution authorized under this part, unless exempt under § 49-7-2004, a tuition guaranty fund fee in accordance with the schedule set out in the administrative rules under this chapter.

SECTION 8. Tennessee Code Annotated, Section 49-7-2018, is amended by deleting subsection (e) in its entirety and substituting instead the following:

  
JOHN S. WILDER  
SPEAKER OF THE SENATE

  
JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

(e) At such time as the board, in its discretion, determines that the fund is adequately funded to insure against institutional closure, it may suspend collection of the fee, but may institute it at such time as the fund balance drops below a predetermined minimum balance. For a new postsecondary educational institution which begins operation in Tennessee after July 1, 2006, the institution must meet bonding requirements as specified in § 49-7-2013, and pay guaranty fund assessments as specified in subsection (d) for at least six (6) years.

SECTION 9. The provisions of this act shall take effect July 1, 2006, the public welfare requiring it.

**PASSED: May 11, 2006**

**APPROVED this 26<sup>th</sup> day of May 2006**

  
PHIL BREDESEN, GOVERNOR